

## **CHAPTER 8**

### **Tentative Allocations & Grant Agreements**

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#### **Section I. Tentative Allocations**

In order to properly manage aviation's financial resources, the Department continuously reviews the status of tentative allocations (TA), therefore, it is in sponsors best interests to ensure that project contract awards occur in a timely fashion.

The status of a Departmental review of TAs is provided to the Board for its action during each meeting. If the Department determines that a sponsor is not moving with reasonable speed toward the execution of a project grant agreement, it may request that the sponsor return the TA, or the Board may withdraw the TA, so that the funds can be re-allocated to another sponsor. To avoid a TA recall, sponsors should take all actions necessary to execute a grant agreement should be accomplished without delay.

**Reimbursement of state funds may only be made through a properly executed grant agreement.**

Upon receipt of a grant allocation, the sponsor must coordinate a meeting with the Department and FAA (as appropriate) to coordinate the precise scope of work for the project. This meeting is often referred to as a pre-design or scoping meeting. The Sponsor must then proceed to complete project design and advertise for bids or proposals to accomplish the scope of work. Experience has demonstrated that this action should take no longer than 6 months.

**If a project has received a tentative allocation but is not under grant, a sponsor could lose the tentative allocation if another sponsor subsequently submits a request for funding.**

#### **Section II. Grant Agreement Execution**

The amount of a TA can be based upon the sponsor's estimates or bids. A grant agreement will normally be offered only after the Department has approved all contract documents and actual costs have been determined. This is done to preclude wide variances in project cost.

It is important to remember that, as a general rule, work completed prior to the execution of a grant agreement will not be eligible for reimbursement. There are the following exceptions:

- a. Land necessary for approved airport development that is acquired in accordance with state and federal requirements.
- b. Engineering design that has been approved for a project.
- c. The preliminary administration that is necessary to prepare a project request (ACIP) for submittal to the Department.

When costs have been finalized and agreements for services or equipment between the sponsor and contractor(s) have been approved by the Department, a Grant Offer may be made by the Department if the actual costs are below or not more than 10-percent above the amount approved by the Board if funds are available. Board approval is required when work scope is expanded (project changes). If this second Board approval is necessary, a grant offer will be made for the increased amount by the Department after Board approval is received.

**Facility and Equipment Grant Agreements** - Even though many F&E projects do not involve direct granting of funds to the sponsor, the sponsor will need to execute a Grant Agreement prior to any installation. As with other programs, the Grant Agreement will contain certain assurances that are deemed necessary to protect the Commonwealth's interest and investment in the equipment and the airport. The Grant Agreement will also specify the sponsor's responsibilities as they relate to the operation and maintenance of the equipment and the site.

### Section III. Grant Assurances

When executed, the grant becomes a contractual agreement between the sponsor and the Commonwealth of Virginia. The purpose of the grant agreement is three-fold: 1) To meet the requirements of Virginia Aviation Regulations (24 VAC 5-20-330); 2) to ensure that all parties are aware of their respective responsibilities and; 3) to ensure that grant funds are properly controlled and returned if not required to complete a project. The Department reserves the right to establish assurances based upon project requirements.

While many grant assurances are identical for every grant, some will differ depending on the project scope and the sources of funding. For instance, a terminal project grant agreement will identify the public use, non-revenue producing areas as being paid for with Commonwealth Airport Funds and that they shall be open to the general public during normal business hours. When land acquired with state funds is no longer required for aeronautical purposes, disposal of the property is allowed and the assurances provide for the disposition of the proceeds of the sale and the covenants that must be attached to the sale.

If the sponsor is a recipient of federal funds, this agreement will differ slightly from one that involves state funds only. Agreements for navigational aid, lighting and promotional projects also have a different set of assurances. The purpose of this section is to make sponsors aware of their obligations when they execute an agreement for state funds. While the Department has attempted to minimize the number of assurances, as we encounter situations with completed projects the number of assurance will probably grow over time.

Copies of the complete and current grant assurances are available from the Department upon request.

### **Section IV. Grant Amendments**

At any time during the course of a project, the grant agreement between the sponsor and the Commonwealth may be amended for justifiable cause. Examples include a change in the scope of work; an extension of the expiration date; and either an increase or a decrease in the grant amount. When a sponsor becomes aware of such conditions, it should notify the Department in writing to request a grant amendment. Although the grant amount may be increased, the Department can only approve an increase of up to 10-percent of the total grant amount. The Department has the authority to approve modifications to an original scope of work if it is in the best interests of a project and does not expand the project's purpose.

**Once a project is placed under grant, the maximum increase in the amount of that grant is 10-percent, except in the case of multi-year funding.**

### **Section V. Financial Reimbursement to Sponsor**

After a Grant Agreement has been executed by both parties, an airport sponsor may request reimbursement for partial payments based on the percentage of work completed or actual costs incurred. A grant application must be made using the ACIP Grant Application form provided in Section 1 to **Appendix D** and must bear the sponsor's original signature, certifying the expenses. Reimbursement requests may be submitted for work completed by the contractor, approved by the sponsor's engineer and accepted by the Sponsor. The Department will verify project costs through on-site inspections, review of job tickets, project summaries and project diaries.

**Advanced Payment** – Contractual work to be accomplished up to 30 days in advance may be included in a request. A 30-day advance applies only to construction projects and may include construction materials bonded and delivered to the job site. For land acquisition, reimbursement for 90% of the grant amount will be made to the sponsor prior to closing. The balance will be reimbursed after the deeds are recorded and certificate of title has been provided.

The Department will not reimburse a sponsor for more than 90-percent of a grant amount until the sponsor has been notified by the Department of final acceptance. A request for final payment shall not be made with a 30-day advance payment. The Department may withhold or reduce any reimbursement or payment when,

**The Department will not reimburse a sponsor for more than 90-percent of a grant amount until the sponsor has been notified by the Department of final acceptance.**

in the Department's judgment, there is insufficient documentation to justify the costs claimed by a sponsor. A sponsor may submit a claim for all approved costs incurred above the amount of the grant, however, the Department cannot act on a claim until a grant amendment is processed.

### **Section VI. Project Close Out**

Costs incurred on state funded projects may be verified by the Department through on-site inspection; collection of tickets; and invoices received during construction requesting payment for construction or services. These documents must be provided by the sponsor for each pay request. All contracts, agreements, supplemental agreements, and change orders must be approved by the Department prior to the start of work.

When the Department's audit is complete or the federal audit has been accepted, the sponsor will be notified by letter of their results including any adjustments and the project close-out. In the case of a federally funded project, the Department will accept the audit conducted by the federal Office of the Inspector General.

### **Section VII. Disposal of Property Acquired with State Funds**

There will be instances where a sponsor acquired property under a grant of state funds and no longer requires that property to meet their aeronautical needs. Projects such as land acquisition, maintenance equipment, and loading bridges are examples. In these instances, if a sponsor disposes of the property originally acquired with state funds, the sponsor must reimburse the Commonwealth for a percentage of the sale price in the same percentage of participation in the original grant agreement where such a sale results in a payment to the sponsor.

In instances where property is transferred from one Virginia airport to another Virginia airport that has a justifiable requirement, no reimbursement to the Commonwealth is required as long as the sponsor recoups no more than the sponsors share of the salvage value only.